

Message Text

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INFO ALL NATO CAPITALS

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C O N F I D E N T I A L STATE 211622

HOLD FOR OPENING OF BUSINESS

E.O. 11652: GDS

TAGS: MPOL

SUBJECT: FOREIGN MILITARY SALES, WWMCCS ADP TRAINING

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REF: NATO 05702, DTG 202057Z JUN

1. WE HAVE EXAMINED PROBLEMS DISCUSSED IN REFTEL. WE
BELIEVE BEST AND LEAST EXPENSIVE SOLUTION FOR TRAINING
OF NATO PERSONNEL ON HONEYWELL WWMCCS ADP EQUIPMENT WOULD
BE THE USE OF USAF MOBILE TRAINING TEAMS (MTT) IN

EUROPE. THESE TEAMS ALSO COULD TRAIN PERSONNEL FROM OTHER NATO COUNTRIES WHO ARE PROGRAMMED FOR ASSIGNMENT TO SHAPE. THIS WOULD BE IN ACCORD WITH NATO POLICY THAT PERSONNEL SHOULD BE TRAINED AND QUALIFIED TO PERFORM THEIR DUTIES PRIOR TO NATO ASSIGNMENT. NATO HEADQUARTERS OR COUNTRIES WOULD BE REQUIRED TO PAY PROPORTIONATE SHARE OF PERSONNEL AND TDY COSTS, ESTIMATED AT ABOUT 150 DOLLARS PER STUDENT PER WEEK. USE OF MTT'S FOR TRAINING AT THE SITES IN EUROPE WOULD BE SUBSTANTIALLY LESS THAN COST OF COMPARABLE TRAINING AT A CONUS SCHOOL. WE PROVIDE BELOW ADDITIONAL BACKGROUND ON CURRENT MILITARY SALES LEGISLATION AND PROPOSED REVISIONS, IN GENERAL TERMS AND AS THESE MAY IMPACT ON SUBJECT REQUIREMENTS.

2. LEGISLATION ON MILITARY SALES HAS ALWAYS REQUIRED US TO RECOUP THE FULL COSTS OF TRAINING. THROUGH THE YEARS, WE HAVE HAD TO MAKE ADJUSTMENTS IN COSTING FORMULAS TO MORE ACCURATELY REFLECT THE TRUE COSTS OF PROVIDING TRAINING.

3. ALTHOUGH P.L. 94-329, THE INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976 (JUNE 30, 1976), IS GENERALLY RESTRICTIVE, IT DOES AFFORD SPECIAL RELIEF TO NATO AND NATO COUNTRIES FROM ARMS EXPORT CONTROL RESTRICTIONS IN SIX RESPECTS, REGRETTABLY NONE OF WHICH PROVIDES DIRECT RELIEF IN CONFIDENTIAL

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THE CASE OF WWMCCS TRAINING:

A. MAJOR DEFENSE EQUIPMENT WORTH 25 MILLION DOLLARS OR MORE MAY BE LICENSED FOR COMMERCIAL EXPORT TO NATO AND NATO COUNTRIES AND DOES NOT HAVE TO BE PURCHASED THROUGH FOREIGN MILITARY SALES CHANNELS.

B. CHARGES FOR RECOUPMENT OF US NONRECURRING INVESTMENTS COSTS AND FOR USE OF US GOVERNMENT PLANT AND PRODUCTION EQUIPMENT MAY BE REDUCED OR WAIVED IN CASES OF PARTICULAR SALES WHICH SIGNIFICANTLY ADVANCE NATO STANDARDIZATION;

C. INDIRECT COSTS MAY BE EXCLUDED IN PRICING OF RECIPROCAL TRAINING WITH NATO MEMBERS, SUBJECT TO THE CONCLUSION OF NATO STANDARDIZATION AGREEMENTS (STANAG 6002 WAS RATIFIED IN JUNE 1977 BY THE US FOR THIS PURPOSE);

D. PRIOR CONGRESSIONAL NOTIFICATION IS NOT REQUIRED FOR STATE DEPARTMENT APPROVAL OF COMMERCIAL TECHNICAL ASSISTANCE OR MANUFACTURING LICENSING AGREEMENTS

FOR OR IN NATO COUNTRIES INVOLVING FOREIGN MANUFACTURE
OF SIGNIFICANT COMBAT EQUIPMENT;

E. US WAR RESERVE STOCKS FOR NATO PURPOSES OF AN
UNLIMITED VALUE MAY BE STORED IN NATO COUNTRIES WITHOUT
ANNUAL CONGRESSIONAL AUTHORIZATION, AND SUCH STOCKPILES
MAY BE LOCATED OUTSIDE THE BOUNDARIES OF US MILITARY
BASES; AND

F. REGULAR UNITS OF US ARMED FORCES MAY ENGAGE IN
ROUTINE FUNCTIONS DESIGNED TO BRING ABOUT THE
STANDARDIZATION OF MILITARY OPERATIONS AND PROCEDURES
WITH ALLIED ARMED FORCES (INCLUDING NATO ARMED
FORCES) WITHOUT CHARGE TO APPROPRIATIONS FOR INTER-
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NATIONAL MILITARY EDUCATION AND TRAINING, WITHOUT
CHARGE UNDER A FOREIGN MILITARY SALES CASE, AND WITHOUT
SUBJECTING THOSE "REGULAR UNITS" TO THE CONSTRAINTS
IMPOSED ON THE LOCATION AND NUMBERS OF PERSONNEL OF
MILITARY ASSISTANCE ADVISORY GROUPS AND OTHER US
MILITARY MISSIONS OVERSEAS.

4. PUBLIC LAW 95-92, THE INTERNATIONAL SECURITY
ASSISTANCE ACT OF 1977, AMENDED THE ARMS EXPORT
CONTROL ACT TO PERMIT CONSENT BY THE US GOVERNMENT
TO COOPERATIVE CROSS SERVICING ARRANGEMENTS AMONG
NATO MEMBERS FOR FOREIGN MILITARY SALES ITEMS, AS
WELL AS TRANSFERS OF DEFENSE ARTICLES BETWEEN FOREIGN
FORCES FOR THE PURPOSES OF MAINTENANCE, REPAIR, OR
OVERHAUL OF FOREIGN MILITARY SALES ITEMS WITHOUT
NOTIFICATION TO THE CONGRESS 30 DAYS IN ADVANCE OF
SUCH CONSENT.

5. AS TO THE REIMBURSEMENT PROBLEM OF PROVIDING
ADP TRAINING TO NATO, THERE ARE TWO POSSIBILITIES:

A. INTERIM SITUATION INVOLVING INTERCONNECTION AND
SHARING OF ADP RESOURCES BETWEEN SHAPE AND THE US: IF
TRAINING PROVIDED IS NOMINAL AND INTENDED PRIMARILY
TO PROTECT US SECURITY AND US EQUIPMENT (INCLUDING
PROPER AND EFFECTIVE OPERATION OF THIS EQUIPMENT)
NO REIMBURSEMENT IS REQUIRED FOR THE NOMINAL TRAINING
SERVICES PROVIDED. IF, ON THE OTHER HAND, THE
TRAINING PROVIDED IS SIGNIFICANT AND INTENDED PRIMARILY
TO ENHANCE THE APTITUDE AND ABILITY OF NATO
RECIPIENTS, NORMAL FMS PROCEDURES WILL NEED TO BE
FOLLOWED.

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B. LONG-TERM SITUATION IN WHICH SHAPE NO LONGER SHARES THE SYSTEM AND IN EFFECT THE NATO SYSTEM STANDS ALONE: UNDER THIS LONG-TERM ARRANGEMENT, NORMAL FMS PROCEDURES FOR TRAINING WILL BE FOLLOWED.

6. US LAW DOES NOT PERMIT WAIVER OR REDUCTION OF NORMAL FMS TRAINING PRICES TO NATO OR TO OTHER FMS PURCHASERS, EXCEPT PURSUANT TO NATO STANAGS BASED ON RECIPROCAL FINANCIAL PRINCIPLES (SEC 21(G) AECA). THIS EXCEPTION IS UNAVAILABLE IN THE CASE OF FMS TRAINING OF SHAPE PERSONNEL SINCE PARA 2 OF STANAG 6002 EXPRESSLY LIMITS THE AGREEMENT TO "ONLY" TRAINING GIVEN "ONE NATO NATION TO ANOTHER," UNLESS IT IS ACCOMPLISHED PRIOR TO NATO ASSIGNMENT OR BY REVERTING PERSONNEL TO NATIONAL STATUS. SECTION 21 (G) EXCEPTION WOULD BE AVAILABLE IN THE CASE OF PERSONNEL OF OTHER NATO COUNTRIES TRAINED BY THE US PRIOR TO THEIR ASSIGNMENT TO SHAPE. FURTHER, IN THE EVENT THAT NATO WERE TO ESTABLISH A NATO COMMONLY-FUNDED FACILITY IN EUROPE TO PROVIDE SUCH TRAINING, THERE WOULD BE NO LEGAL IMPEDIMENT TO US CONTRIBUTING ITS SHARE TO SUCH A FACILITY, PROVIDED NECESSARY PROGRAMMING AND FUNDING WERE APPROVED.

7. WE BELIEVE THE IMMEDIATE PROBLEM OF TRAINING PERSONNEL ON HONEYWELL WWMCCS CAN BEST BE HANDLED BY USE OF USAF MTT EITHER NOW IN EUROPE OR SENT TO EUROPE TO TRAIN US PERSONNEL. THE COST WOULD BE SUBSTANTIALLY LOWER THAN DIRECT TRAINING BY HONEYWELL INTERNATIONAL, OR COMPARABLE TRAINING PROVIDED IN CONUS.

8. LEGISLATIVE PROPOSALS ARE NOW BEING CONSIDERED ALONG FOLLOWING LINES:

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A. AUTHORIZATION TO PERMIT THE DOD TO ENTER INTO CONTRACTS WITH OTHER GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS (TO INCLUDE NATO AND ITS SUBSIDIARY BODIES) WITHOUT REGARD TO LAWS PERTAINING TO DOD PROCUREMENT CONTRACTS AND CONTRACTING LIMITATIONS. THIS LEGISLATION, IF ENACTED, WOULD BE PARTICULARLY HELPFUL IN ENABLING US TO ENTER INTO AND TO

IMPLEMENT COPRODUCTION ARRANGEMENTS, FOREIGN MILITARY SALES OFFSET AGREEMENTS, AND OTHER INTERGOVERNMENTAL TRANSACTIONS AND COOPERATIVE PROGRAMS.

B. AN ADDITIONAL LEGISLATIVE PROPOSAL WOULD AUTHORIZE DEFENSE SERVICES, INCLUDING USE OF FACILITIES, TO BE PROVIDED AT REDUCED PRICES PURSUANT TO RECIPROCAL AGREEMENTS.

C. AUTHORIZATION FOR FOREIGN STUDENTS TO BE TRAINED AT US PROFESSIONAL MILITARY EDUCATION SCHOOLS AT PRICES LESS THAN THOSE DICTATED BY CURRENT MILITARY SALES PRICING GUIDELINES.

D. AUTHORIZATION FOR DOD TO PROVIDE AUDITING AND QUALITY ASSURANCE SERVICES WITHOUT COST ON A RECIPROCAL BASIS IN CONNECTION WITH PROCUREMENTS FINANCED BY NATO INFRASTRUCTURE OR BY NATO MILITARY HEADQUARTERS COMMON FUNDING.

E. PROVIDING US AIRLIFT FOR NATO MILITARY EXERCISES AT RATES COMPARABLE TO THOSE CHARGED DOD MILITARY UNITS.

9. LEGISLATIVE PROPOSAL DISCUSSED IN PARA 8A ABOVE HAS BEEN CLEARED AND INTRODUCED TO THE CONGRESS;
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OTHER PROPOSALS IN PARA 8 HAVE NOT AS YET BEEN CLEARED FOR SUBMITTAL TO THE CONGRESS. EVEN IF SUBMITTED AND FAVORABLY CONSIDERED, IT IS DOUBTFUL WHETHER THEIR PROVISIONS WOULD AFFORD RELIEF PRIOR TO FY 1979.

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